EIGHTH AND FINAL REPORT

Province of Alberta

UNIVERSITIES ACADEMIC PENSION BOARD

for the period April 1, 1985 to October 31, 1985
(with statistics to March 31, 1986)

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EIGHTH AND FINAL REPORT

OF THE

UNIVERSITIES ACADEMIC PENSION BOARD

PURSUANT TO

UNIVERSITIES ACADEMIC PENSION ACT

for the period
April 1, 1985 to October 31, 1985
(including statistics to 31-Mar-86)

Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

To the Honourable Helen Hunley
Lieutenant Governor in Council

May it Please Your Honour:

I have the honour to submit the Eighth and Final Report of the Universities Academic Pension Board for the period April 1, 1985 to October 31, 1985, pursuant to the Universities Academic Pension Act, which was repealed November 1, 1985, and replaced by the Universities Academic Pension Plan Act.

On November 1, 1985 the Universities Academic Pension Plan Act came into force. In accordance with Section 4 of that Act this document also reports on the operation of the Plan for the period November 1, 1985 to March 31, 1986. An independent actuarial valuation carried out at March 31, 1985 estimated the accrued liability of the Universities Academic Pension Plan to be $780,944,000. The normal actuarial cost of the Plan as a percentage of payroll was 24.5%.

Dick Johnston
Minister for Pensions

Alberta
GOVERNMENT PENSION BOARDS

12th Floor, Legislature Annex, 9718 - 107 Street, Edmonton, Alberta, Canada T5K 1E4 403/427-7105

The Honourable Dick Johnston
Provincial Treasurer
Minister for Pensions
Government of the Province of Alberta
Edmonton, Alberta.

Sir:

I have the honour to submit the Eighth and the Final Report of the Universities Academic Pension Board, for the period from April 1, 1985 to October 31, 1985, pursuant to *the Universities Academic Pension Act*, repealed November 1, 1985. For comparison purposes, statistics have been included in the Report for the complete fiscal year 1985-86.

The new legislation proclaimed under *the Universities Academic Pension Plan Act*, effective November 1, 1985, transferred authority to set policy and administer the plan from the Board to the Minister.

The statistical and financial information provided in the Report has been obtained from the internal records of the Board and the Payroll and Pensions Division of Alberta, and has not been subjected to an independent audit.

After administering the plan, setting pension policy and resolving appeals for over seven years, the Universities Academic Pension Board brings this chapter of its operations to a close and looks forward to serving the membership and the Government, in its new role as an appellate and advisory body.

Respectfully submitted,

Chairman
Universities Academic
Pension Board

TABLE OF CONTENTS

	PAGE
Universities Academic Pension Board	vii
Historical Summary	1
Report on the Activities of the Board	2
Summary - Participation	3
- Contributions and Payments	3
- Refunds of Contributions	3
- Retirements and Pensions	4
Retirements in 1985-86	5
Death-in-Service Benefits	5
Spousal Pensions	5
Types of Pensions in Effect at March 31, 1986	7
Monthly Dollar Value of Pensions	9
Member and Employer Contributions in 1985-86	10
Reciprocal Agreement Transfers	11
Transfers by Book Entry	11
Reciprocal Transfer Agreements in Effect	12
Receipts and Payments (July 1978 - March 1986)	13
Summary of Receipts and Payments (1985-86)	15

UNIVERSITIES ACADEMIC PENSION BOARD

BOARD CHAIRMAN

J.E. Faries
Chairman
Government Pension Boards

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Associate Vice-President
Academic Administration
University of Alberta

D.R. Franklin
Director of Faculty
and Staff Relations
University of Calgary

J.A. Rae
Vice-President (Finance)
University of Lethbridge

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L. Eberlein
University of Alberta

H.A. Buckmaster
University of Calgary

E.E. Falkenberg
University of Lethbridge

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Director, Colleges and Universities
Alberta Advanced Education

A.F. Collins
Special Advisor
to the Provincial Treasurer

UNIVERSITIES ACADEMIC PENSION ACT

HISTORICAL SUMMARY

The Universities Academic Pension Act was proclaimed effective July 1, 1978 to establish a contributory pension plan for members of the academic staff, including Presidents, of the Alberta Universities and the Banff Centre for Continuing Education. The plan was administered by the Universities Academic Pension Board, consisting of the Chairman and at least four members, providing equal representation to the academic staff associations and the governors of the Universities.

Participation in the plan was a condition of employment for the eligible academic staff members of the Universities, who were under age 60 at commencement of employment. Any other person or class of persons employed on full or part-time basis could also participate in the plan, on the recommendation of a University and with the approval of the Board.

Contributions to the plan are made by members at the rate of six per cent and by the Universities at the rate of seven per cent of the gross rate of a member's ordinary salary.

Pension benefits are determined by multiplying the years of pensionable service (maximum 35) by two per cent of a member's average annual salary over the best five consecutive years. One-twelfth of the annual pension is payable monthly for the pensioner's life or a period of 15 years whichever is longer.

The minimum period of pensionable service required for a full-formula unreduced pension is five years in case of retirement at the normal pensionable age (65) and ten years in case of early retirement between the ages of 55 and 65.

The Universities Academic Pension Plan is not integrated with the Canada Pension Plan. The benefits under the provincial plan are, therefore, payable in addition to the benefits under the federal plan.

The Universities Academic Pension Act was repealed November 1, 1985 and replaced by the Universities Academic Pension Plan Act. Under the new legislation, the administrative and policy-setting functions of the Board have been transferred to the Minister. The Board has been assigned a new role as an appellate and advisory body. Further, with a view to provide spousal protection, a prospective pensioner having a spouse must now choose, unless a waiver is provided by the spouse, either a Joint Life Pension non-reducible or reducible at first death by one-third, with the spouse designated as the nominee.

REPORT ON THE ACTIVITIES OF THE BOARD AND OPERATION OF THE ACT

During the period from April 1, 1985 to October 31, 1985, the Universities Academic Pension Board met six times and dealt with the following policy matters:

1. Reviewed and established a detailed policy on re-employment of pensioners.

2. Reviewed the 1984 actuarial report and the cash flow study and called for additional information from the Controller, Alberta Treasury.

3. Reviewed the Universities Academic Pension Plan Act and the Regulations, in draft form, and provided comments to the Minister.

4. Reviewed and established a detailed policy concerning treatment of leave of absence without pay, for pension purposes.

5. Reviewed and recommended changes in the appeal procedure, documentation and policy.

6. Defined "salary" for the purpose of the pension plan, in respect of members who were participants in a deferred compensation plan, as the rate of the member's salary before any amount was deferred.

7. Reviewed and approved inclusion of "bonus pay" granted to its employees by the Banff Centre for Continuing Education, in the definition of "salary" for pension purposes.

8. Resolved that the newly-approved class of Administrative and Professional Officers at the University of Calgary be charged for deficiencies in contributions in respect of their current service rendered on or after July 1, 1978.

9. Reviewed status of Y.W.C.A. and the Sulphur Development Institute of Canada as "public bodies" and determined that service with these organizations could not be established as pensionable service under the Universities Academic Pension Plan.

In addition, the Board considered and ruled upon 25 individual cases concerning the establishment of periods of prior service and leave of absence as "pensionable service", the selection of pension option for the retirees who failed to make a choice after reaching the normal retirement age of 65, change of pension option after commencement of pension, refund of pension contributions and selection

of a pension option other than the ones available under the plan.

Two issues of the pension newsletter POSTSCRIPT were published and distributed during the period to pensioners who had retired under one of the six pension plans sponsored by the Alberta Government. The newsletter had a circulation of approximately 20,000. The aim of the publication was to keep the pensioners informed of pension developments and other items of interest, and to provide a forum for their concerns and views. The responsibility for publication of POSTSCRIPT has been transferred to the Alberta Retired Public Employees Society.

Two pension seminars were presented during the period by the Pension Boards Secretariat for the members and the representatives of the employers participating in the plan.

PARTICIPATION

The number of accounts under the plan at March 31, 1986 was 4,220, inclusive of 34 accounts held on deposit on behalf of the terminated members. The number of contributors at March 31, 1986 was 4,186 which was 5.6 per cent higher than the number of contributors (3,962) at March 31, 1985. Since the inception of the plan on July 1, 1978, the number of contributors increased from 3,443 at March 31, 1979 to 4,186 at March 31, 1986, or by 21.6 per cent.

CONTRIBUTIONS AND PAYMENTS

Contributions received from members and employers, during the year, amounted to $28,592,990.80, up four per cent from 1984-85.

Total payments, including pensions, lump sum benefits, refunds and transfers, increased from $9,810,902.43 during the fiscal year 1984-85 to $12,676,169.00 in 1985-86, or by 29 per cent.

Excess of receipts over payments declined during the year from $17,651,949.45 to $15,918,163.12, or by about 11 per cent.

REFUNDS OF CONTRIBUTIONS

Member contributions and interest, totalling $4,748.04, were refunded during the year to members terminating their employment. In addition, a sum of $2,636,013.96, representing both member and employer contributions, plus interest, was refunded to terminating members by transfer to their registered retirement savings plans or to other registered pension plans without reciprocal agreements.

Excess contributions refunded to members and employers during the year totalled $71,750.99.

RETIREMENTS AND PENSIONS

Eighty-four retirement pensions were granted during the year. Twenty of the retiring members (24 per cent) retired at age 65 and 58 members (69 per cent) retired before age 65. The remaining six members (seven per cent) had terminated their employment in previous years and opted to have their pensions commenced during 1985-86.

Of the 84 members and former members granted pensions, 35 members (42 per cent) opted for Joint Life Pensions non-reducible or reducible by one-third at first death. Fourteen members (17 per cent) took Normal Pension (guaranteed term 15 years) and 23 members (27 per cent) selected pensions guaranteed for a term of 5, 10 or 20 years. The remaining 12 members (14 per cent) chose Single Life Pensions, guaranteed for the retiree's life only.

Thirty-six of the 64 retiring members, or 56 per cent, who were under age 65 and, therefore, eligible to co-ordinate their pensions with the Canada Pension Plan and/or the Old Age Security, elected to do so.

Eleven members died while in service during the year. The surviving spouses of six members were granted Spousal Pensions and the beneficiaries of five members were granted lump sum benefits.

Twenty-one pensioners passed away during the year. Seven pensions were transferred to the survivors of Joint Life Pensions and three pensions were transferred to the beneficiaries to complete the guaranteed terms. The commuted value of one pension was paid out to the beneficiaries of a deceased pensioner and the remaining 10 pensions ceased on the death of the recipients.

As of March 31, 1986, there were 504* pensions being paid to the retired members, surviving spouses and other beneficiaries of the deceased members and pensioners.

The average retirement age during 1985-86 was approximately 60.6 years, unchanged from 1984-85.

*Including five pension advances.

RETIREMENTS

Number of retirements during the period April 1, 1985 to March 31, 1986 was as follows:

Normal retirement (age 65)	20
Early retirement before 65 (pension unreduced) *(Number co-ordinated with C.P.P./O.A.S. 36)*	64
	84*

**Including six deferred pensions which commenced during the year.*

DEATH-IN-SERVICE BENEFITS (1985-86)

Number of members who died while in service	11
Number of surviving spouses granted Spousal Pensions	6
Number of deceased members whose beneficiaries were granted lump sum benefits	5

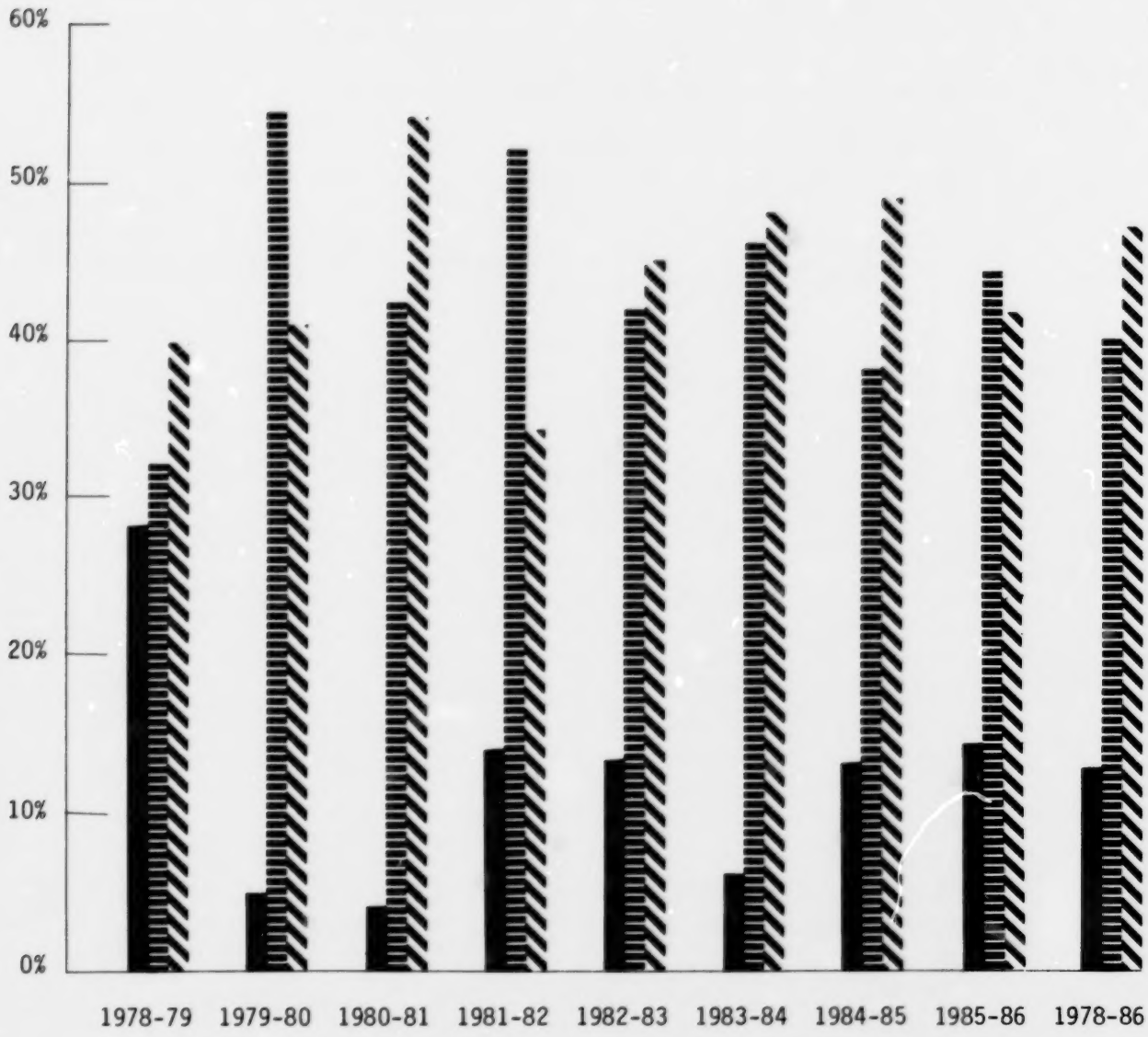
SPOUSAL PENSIONS

Pension options selected by the surviving spouses of deceased members, during the year, were as follows:

Life Pension with a guaranteed term of 10 years	2
Life Pension with a guaranteed term of 15 years	2
Life Pension with a guaranteed term of 20 years	1
Life Pension with no guaranteed term	1
	6
Number of Spousal Pensions co-ordinated with Old Age Security:	1

PENSION OPTIONS SELECTED BY RETIRING EMPLOYEES

Percentages



- Pensions guaranteed for the retiree's life only.
- Pensions guaranteed for the retiree's life and a minimum period of 5, 10, 15 or 20 years.
- Joint Life pensions, payable for the joint lives of the retiree and a nominee, in an unreduced amount or in an amount reduced by one-third or by one-half at first death.

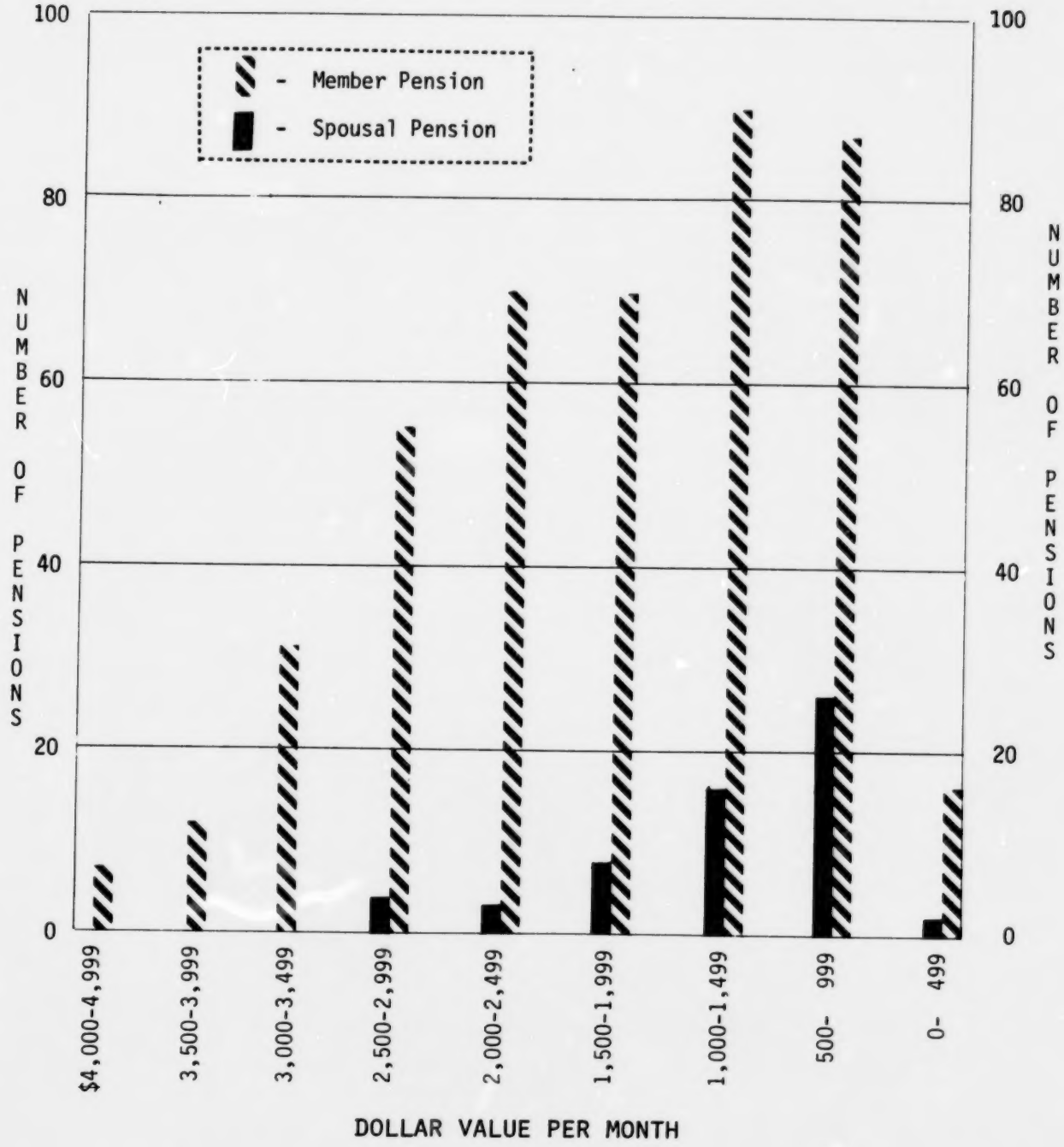
TYPES OF PENSIONS IN EFFECT

The following pensions were in effect at March 31, 1986:

Life pension with a guaranteed term of 5 years	21
Life pension with a guaranteed term of 10 years	31
Life pension with a guaranteed term of 15 years (Normal) ..	80
Life pension with a guaranteed term of 20 years	44
Life pension with no guaranteed term	57
Joint Life pension (non-reducible)	115
Joint Life pension (reducible at first death by 1/3)	72
Joint Life pension (reducible at first death by 1/2)	20
Spousal Pension - Life only	19
Spousal Pension - Life with a guaranteed term of 5 years	1
Spousal Pension - Life with a guaranteed term of 10 years	11
Spousal Pension - Life with a guaranteed term of 15 years	13
Spousal Pension - Life with a guaranteed term of 20 years	15
Total number of pensions being paid at March 31, 1986	499*
Number of pensions co-ordinated with Canada Pension Plan and/or Old Age Security	136

*Including pensions granted under former plans but not including five pension advances being paid pending finalization of the pension files.

DOLLAR VALUE OF PENSIONS PER MONTH
(at March 31, 1986)



MONTHLY DOLLAR VALUE OF PENSIONS

The monthly dollar value of pensions being paid at March 31, 1986 was as follows:

DOLLAR VALUE PER MONTH	NUMBER AND PERCENTAGE OF TOTAL		
	Member Pensions	Spousal Pensions	Total Pensions
$ 0 - 499	16 (3.21%)	2 (0.40%)	18 (3.61%)
500 - 999	87 (17.44%)	26 (5.21%)	113 (22.65%)
1,000 - 1,499	92 (18.44%)	16 (3.21%)	108 (21.65%)
1,500 - 1,999	70 (14.03%)	8 (1.60%)	78 (15.63%)
2,000 - 2,499	70 (14.03%)	3 (0.60%)	73 (14.63%)
2,500 - 2,999	55 (11.02%)	4 (0.80%)	59 (11.82%)
3,000 - 3,499	31 (6.21%)	0	31 (6.21%)
3,500 - 3,999	12 (2.40%)	0	12 (2.40%)
4,000 - 4,999	7 (1.40%)	0	7 (1.40%)
Totals	440 (88.18%)	59 (11.82%)	499*(100.00%)

The lowest member pension at March 31, 1986 was $118 per month and the highest was $4,761 per month. The average pension paid to a member was $1,796 per month while the median pension was $1,660 per month.

The lowest pension paid to a surviving spouse at March 31, 1986 was $325 per month and the highest was $2,849 per month. The average pension paid to a surviving spouse was $1,213 per month while the median pension was $1,050 per month.

Not including five pension advances.

MEMBER AND EMPLOYER CONTRIBUTIONS RECEIVED
(April 1, 1985 to March 31, 1986)

Employer	Number of Accounts at 31-Mar-86	Member* Contributions $	Employer Contributions $
University of Alberta	2,273	7,662,267.14	8,044,745.30
University of Calgary	1,441	4,924,991.80	4,859,830.32
University of Lethbridge	285	1,022,108.52	907,046.89
Athabasca University	138	407,844.19	409,580.18
Banff Centre for Continuing Education	49	159,154.95	179,870.22
Accounts held on Deposit	18**	7,290.07	-
Accounts held on Deposit for Deferred Pensions	16**	8,261.22	-
Totals	4,220	14,191,917.89	14,401,072.91

Including contributions on prior service.

***These accounts pertain only to the period April 1, 1985 to March 31, 1986. The total number of accounts held on deposit at March 31, 1986 was 181, with deposits of $3,303,013.88 for terminated employees and $3,417,780.07 representing the corresponding employer portion.*

RECIPROCAL AGREEMENT TRANSFERS

The following transfers of member and employer contributions, plus interest, were made under the terms of reciprocal agreements in 1985-86:

Pension Plan	Transfers to Universities Academic Pension Plan		Transfers from Universities Academic Pension Plan	
	Number	Amount	Number	Amount
Alberta Teachers' Retirement Fund	1	$ 6,202.32	2	$ 34,056.74
Government of Canada	5	224,735.83	3	49,556.33
University of Manitoba	2	101,388.35	3	46,363.44
University Guelph	1	13,318.21	-	-
McGill University	2	71,758.46	-	-
University of Ottawa	3	30,154.94	2	58,313.71
University of P.E.I.	1	11,622.90	1	19,452.88
University of Regina	1	4,437.76	-	-
University of Saskatchewan	2	53,771.06	-	-
Sherbrooke University	-	-	1	9,463.59
University of Toronto	3	32,588.69	-	-
University of Waterloo	-	-	1	33,287.79
Colleges of Applied Arts and Technology	2	32,791.12	-	-
Totals	23	$582,769.64	13	$250,494.48

TRANSFERS BY BOOK ENTRY

The following transfers of member and employer contributions, plus interest, were made during the year, to and from other Alberta pension plans, by book entry. These transfers are not reflected in the Summary of Receipts and Payments.

Pension Plan	To Academic Plan	From Academic Plan
Local Authorities Pension Plan	$ 64,629.72	$ 65,638.49
Public Service Pension Plan	3,934,388.91	68,776.45
P.S. Management Pension Plan	119,622.25	27,665.09
Totals	$4,118,640.88	$162,080.03

RECIPROCAL TRANSFER AGREEMENTS

As of October 31, 1985, the following reciprocal agreements were in effect between the Universities Academic Pension Board and other pension authorities in Canada, for the purpose of transferring pension credits on a reciprocal basis:

IN ALBERTA

Local Authorities Pension Board
Public Service Management Pension Board
Public Service Pension Board
Board of Administrators, Teachers' Retirement Fund

OUTSIDE ALBERTA

Brock University
Government of Canada
Dalhousie College and University
University of Guelph
Manitoba Teachers' Retirement Allowance Fund Board
University of Manitoba
McGill University
University of Montreal
Government of New Brunswick
Ontario Institute for Studies in Education
University of Ottawa
University of Prince Edward Island
University of Regina
Saint Paul University
Saskatchewan Teachers' Superannuation Commission
University of Saskatchewan
University of Sherbrooke
University of Toronto
University of Waterloo
Wilfrid Laurier University
Ontario Council of Regents for the
Colleges of Applied Arts and Technology

UNIVERSITIES ACADEMIC PENSION PLAN

RECEIPTS AND PAYMENTS
($ Thousands)

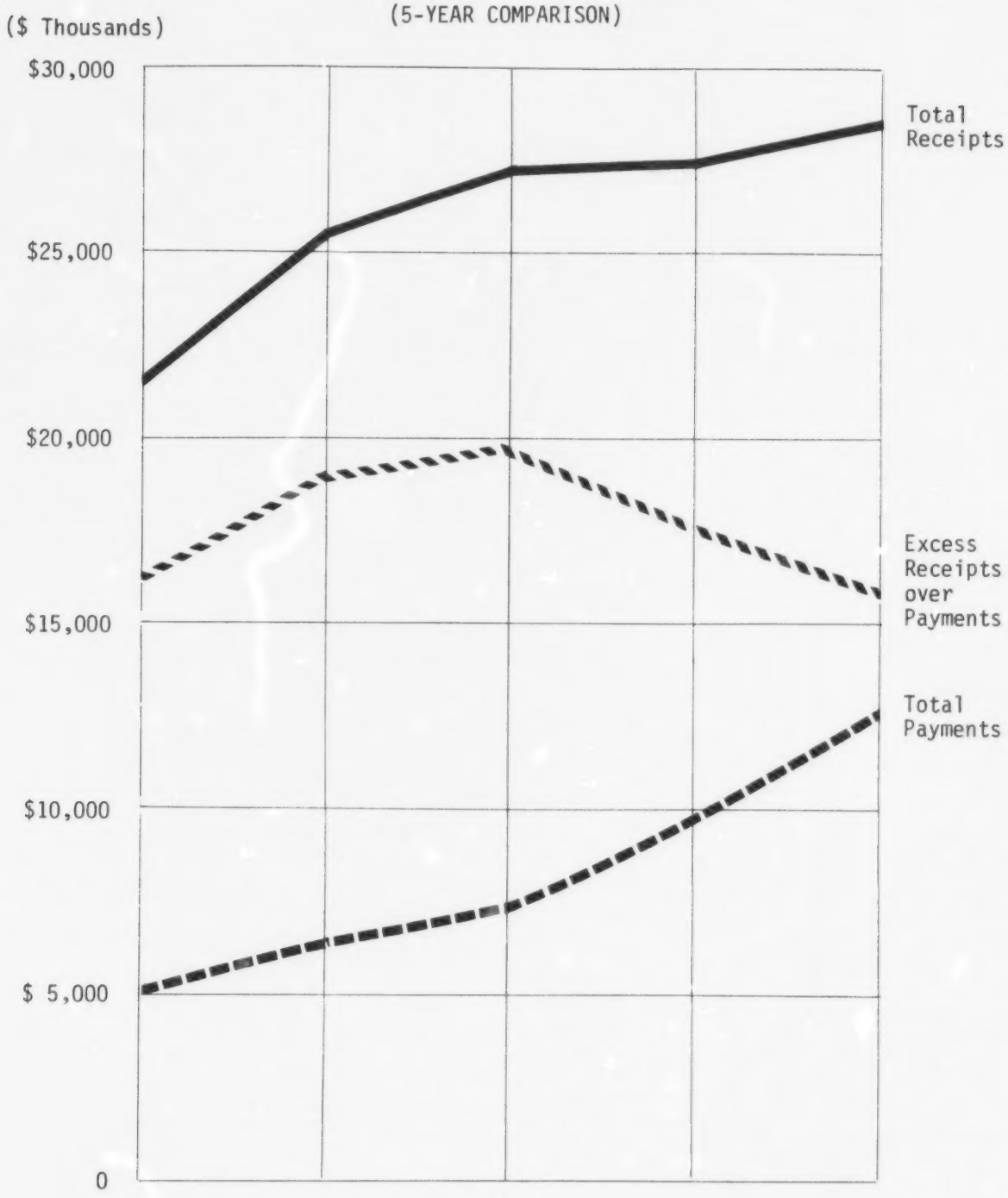
FISCAL YEAR	RECEIPTS			PAYMENTS			EXCESS OF RECEIPTS OVER PAYMENTS
	Employee Contributions $	Employer Contributions $	Total Receipts $	Benefits $	Withdrawals $	Total Payments $	$
1978-79*	33,717**	44,625**	78,342**	1,168	548	1,716	76,626
1979-80	7,675	7,448	15,123	2,100	958	3,058	12,065
1980-81	10,241	8,293	18,534	2,712	909	3,621	14,913
1981-82	10,312	11,248	21,560	3,501	1,774	5,275	16,285
1982-83	13,190	12,428	25,618	4,685	1,851	6,536	19,082
1983-84	13,764	13,510	27,274	5,939	1,477	7,416	19,858
1984-85	13,650	13,813	27,463@	7,556	2,255	9,811	17,652
1985-86	14,192	14,401	28,594@	9,713	2,963	12,676	15,918

Covers period from July 1, 1978 to March 31, 1979.

**Includes member and employer contributions totalling $65,013 transferred from former plans.*

@Includes interest earned on overdue receivables.*

TOTAL RECEIPTS AND PAYMENTS
(5-YEAR COMPARISON)



	1981-82	1982-83	1983-84	1984-85	1985-86
Total Receipts:	$21,560	$25,618	$27,274	$27,463	$28,594
Excess Receipts over Payments:	16,285	19,082	19,858	17,652	15,918
Total Payments:	5,275	6,536	7,416	9,811	12,676

UNIVERSITIES ACADEMIC PENSION ACT

SUMMARY OF RECEIPTS AND PAYMENTS
for the year ending 31-Mar-86
(UNAUDITED)

R E C E I P T S

	1985-86	1984-85
CONTRIBUTIONS		
Members	$14,191,917.89	$13,649,457.79
Employers	14,401,072.91	13,813,340.93
Interest earned on overdue receivables	1,341.32	53.16
	$28,594,332.12	$27,462,851.88

P A Y M E N T S

BENEFITS		
Member pensions	$ 8,600,932.95	$ 6,488,084.32
Surviving spouse pensions	854,482.57	739,598.42
Lump sum payments to:		
Beneficiaries of deceased members	224,884.00	328,473.69
Beneficiaries of deceased pensioners	32,862.01	-
	$ 9,713,161.53	$ 7,556,156.43
WITHDRAWALS		
Contributions and interest in respect of members leaving service	$ 4,748.04	$ 3,106.29
Contributions and interest in respect of members transferred to other pension authorities without reciprocal agreements	2,636,013.96	2,046,836.90
Contributions and interest in respect of members transferred to other pension authorities with reciprocal agreements	250,494.48	101,359.32
Refunds of excess contributions	71,750.99	103,443.49
	$ 2,963,007.47	$ 2,254,746.00
TOTAL PAYMENTS FOR THE YEAR	$12,676,169.00	$ 9,810,902.43
EXCESS OF RECEIPTS OVER PAYMENTS	$15,918,163.12	$17,651,949.45

Note: The receipts and payments shown above do not reflect transfers of contributions and interest, made by book entry, to and from other pension plans administered by the Alberta Government.